

Message Text

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ACTION EA-14

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COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

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TO SECSTATE WASHDC 1383

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AMCONSUL HONG KONG

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EO 11652: N/A

TAGS: ETRD

SUBJECT: THAI TRADE WITH PEOPLES REPUBLIC OF CHINA

BEGIN UNCLASSIFIED. SUMMARY: THAI TRADE WITH THE PRC BECAME LEGAL IN EIGHT COMMODITIES AS A RESULT OF A MINISTERIAL ANNOUNCEMENT ON FEBRUARY 28. END SUMMARY.

1. THAI PRESS VIRTUALLY DAILY FOR CONSIDERABLE PERIOD HAS BEEN CARRYING ARTICLES ABOUT THE PENDING OPENING OF TRADE BETWEEN THAILAND AND THE PRC. THE FIRST OFFICIAL TRANSACTION BETWEEN THE TWO COUNTRIES TOOK PLACE WHEN THE FIRST INCREMENT ARRIVED IN THAILAND ON MARCH 10 OF THE 50,000 METRIC TONS OF DIESEL OIL PURCHASED BY THAILAND FROM THE PRC AT A CONCESSIONAL PRICE. REPORTEDLY, THE PRC HAS ALSO AGREED TO SELL THAILAND AN ADDITIONAL 75,000 METRIC TONS OF DIESEL OIL AT WORLD MARKET PRICES.

2. THE LATEST OFFICIAL ACTION BY THE RTG TO PERMIT PRIVATE

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TRADING WITH THE PRC OCCURRED ON FEBRUARY 28, 1974

WHEN THE IMPORT WAS PERMITTED BY THE MINISTER OF COMMERCE,
AS A RESULT OF REVISION OF REVOLUTIONARY PARTY ORDER
NO. 53, OF THE FOLLOWING EIGHT COMMODITIES:

- A. MACHINES AND MACHINE TOOLS
- B. ELECTRICAL RAW MATERIALS
- C. IRON AND STEEL
- D. RAW SILK
- E. CRUDE OIL, PETROLEUM PRODUCTS, AND COAL
- F. PAPER AND NEWSPRINT
- G. MEDICINAL PRODUCTS
- H. FERTILIZERS

3. THE RTG AT FIRST CONSIDERED PERMITTING IMPORTS FROM THE
PRC EITHER SOLELY THROUGH STATE OWNED ORGANIZATIONS OR BY
PRIVATE FIRMS UNDER THE SUPERVISION OF A STATE OWNED ORGAN-
IZATION. REPORTED REASONS WERE TO ENABLE RTG TO LIMIT
SIZE OF A POSSIBLE TRADE DEFICIT WITH THE PRC AND BECAUSE
PRC FOREIGN TRADE IS CONTROLLED BY SEVEN OFFICIAL FOREIGN
TRADE ORGANIZATIONS. HOWEVER, DECISION TO PERMIT PRIVATE
FIRMS TO IMPORT WAS MADE PUBLIC BY THE MINISTER OF COM-
MERCE IN CONJUNCTION WITH THE MINISTERIAL ANNOUNCE-
MENT OF FEBRUARY 28. FIRMS WISHING TO IMPORT FROM THE PRC
MUST REGISTER WITH THE MINISTRY OF COMMERCE AND THEN AFTER
APPROVAL BY THE MINISTRY MAY CONTACT PRC SUPPLIERS. ON
EVIDENCE OF A PURCHASE ORDER OR CONTRACT THEY WOULD THEN
APPLY FOR AND RECEIVE IMPORT PERMITS FROM THE MINISTRY.

4. A NUMBER OF PRIVATE FIRMS HAVE REGISTERED WITH THE
MINISTRY BUT AS YET NO IMPORT PERMITS HAVE BEEN ISSUED.

END UNCLASSIFIED.

5. COMMENT: EVEN THOUGH ILLEGAL, GOODS FROM PRC HAVE
LONG BEEN AVAILABLE IN SHOPS IN SOUTH THAILAND, IN PARTICULAR.
DESPITE FEARS OF SOME GOVERNMENT OFFICIALS AND OTHERS THAT THAILAND
WILL BE FLOODED WITH CHINESE MADE GOODS AT LOW PRICES,
EMBASSY DOES NOT EXPECT A LARGE IMPORT VOLUME ONCE THE
NOVELTY HAS WORN OFF. THE THAI MARKET, WHICH IMPORTS FROM
MANY SOURCES, WILL OFFER CONSIDERABLE COMPETITION ON QUALITY
IF NOT ON PRICE. ON THE OTHER HAND, THE RELATIVELY LARGE
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CHINESE MINORITY, PARTICULARLY IN THE METROPOLITAN AREA,
WILL BE A CONTINUING SOURCE OF DEMAND FOR SPECIALTY FOODS,
MEDICINES AND HANDICRAFTS. DEMAND FOR MORE TRADITIONAL
CONSUMER AND PRODUCER ITEMS WILL BE INFLUENCED MAINLY
BY PRICE.
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